



A Lakson Group Company



**Firmly rooted to deliver**

# **Half Yearly Report**

December 2014

**Merit Packaging Limited**

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## Corporate Information

### Board of Directors

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	Chief Executive Officer
Shaikh Muhammad Barinuddin	Independent Director
Sheikh Asim Rafiq	Nominee Director (NIT)
Muhammad Salman Husain Chawala	Nominee Director (NIT)

### Advisor

Sultan Ali Lakhani

### Audit Committee

Shaikh Muhammad Barinuddin	Chairman
Zulfiqar Ali Lakhani	
Tasleemuddin Ahmed Batlay	

### Human Resource and Remuneration Committee

Iqbal Ali Lakhani	Chairman
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	

### Company Secretary

Mansoor Ahmed

### Auditors

BDO Ebrahim & Co.  
Chartered Accountants

### Bankers

Al-Baraka Bank (Pakistan) Limited  
Askari Bank Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Soneri Bank Limited

### Shares Registrar

FAMCO Associates (Pvt) Ltd  
8-F, Next to Hotel Faran, Nursery Block-6,  
P.E.C.H.S., Shakra-e-Faisal,  
Karachi.

### Registered Office

Lakson Square, Building No. 2, Sarwar Shaheed Road,  
Karachi-74200, Pakistan.  
Phone: 021-35698000  
Faxes: 021-35686571, 35683410

### Factory

17-B, Sector 29, Korangi Industrial Township,  
Karachi-75180.  
Phone: 021-35017180, 021-35015544  
Email: info@meritpack.com

### Website

www.meritpack.com

## Directors' Review

The Directors of your Company are pleased to present the condensed interim un-audited financial statements of the Company together with auditors' review for the half year ended December 31, 2014.

### FINANCIAL AND OPERATIONAL PERFORMANCE

The comparison of the un-audited financial results for the first half and quarter ended December 31, 2014 is as follows:

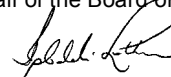
	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
	(Rupees in thousand)		(Rupees in thousand)	
Net sales	1,011,711	884,355	566,807	482,396
Gross profit	92,175	80,878	51,864	44,158
Operating profit	61,698	53,156	35,640	29,590
Profit before tax	11,133	230	9,673	1,781

By the Grace of Allah, within the first half of 2014-15 your Company has crossed sales worth one billion for the first time in its history. During the period under review, net sales amounted to Rs. 1.011 billion as compared to Rs. 884 million for corresponding period of last year, showing an increase of Rs.127 million or 14%. A significant recovery was recorded as pre-tax profit for the period under review augmented from Rs.0.230 million to Rs.11.133 million this year for the same period of last year.

Persistent efforts towards streamlining the operations and continuous improvement in the quality of the product and services are the main reasons behind these higher achievements. The company is continuously improving its business operational capabilities. Adequate measures are being taken to sustain growth by focusing more attention on maintenance of all machines. Marketing efforts are geared towards provision of quality products and services to all customers to ensure customer satisfaction with further expansion of our customer base with reputed corporate sector organizations.

Accordingly the directors are confident that increased sales and optimum capacity utilization with operational efficiencies in the remaining period of the year will help us to consolidate performance, improve Company's market share and profitability.

On behalf of the Board of Directors



**IQBAL ALI LAKHANI**

Chairman

Karachi: February 23, 2015

## Independent Auditor's Report on review of Condensed Interim Financial Information to the Members

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **MERIT PACKAGING LIMITED** (the "Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2014 and December 31, 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Karachi:  
Dated : February 23, 2015

  
**BDO EBRAHIM & CO.,**

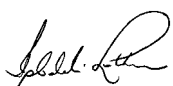
Chartered Accountants  
Engagement Partner: Qasim E. Causer

## Condensed Interim Balance Sheet

As at December 31, 2014 (Un-audited)

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	Rupees in 000's	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	737,598	657,330
Capital work in progress	7	21,179	61,785
		<b>758,777</b>	<b>719,115</b>
Intangible assets		182	215
Long-term loans and advances		1,039	-
Long-term deposits		6,367	3,653
		<b>766,365</b>	<b>722,983</b>
<b>CURRENT ASSETS</b>			
Stores and spares		78,097	60,649
Stock-in-trade		334,866	333,201
Trade debts (unsecured - considered good)		424,204	325,881
Loans and advances		4,218	3,024
Trade deposits and short-term prepayments		11,242	3,029
Other receivables		817	727
Tax refund due from Government		81,642	59,502
Taxation-net		14,186	21,541
Cash and bank balances		2,838	7,962
		<b>952,110</b>	<b>815,516</b>
<b>TOTAL ASSETS</b>		<b>1,718,475</b>	<b>1,538,499</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
70,000,000 (June 30, 2014: 70,000,000)			
ordinary shares of Rs.10/- each		700,000	700,000
Issued, subscribed and paid-up capital			
40,314,199 (June 30, 2014: 40,314,199)			
ordinary shares of Rs.10/- each		403,142	403,142
Accumulated loss		(59,602)	(62,226)
		<b>343,540</b>	<b>340,916</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>167,048</b>	<b>168,521</b>
<b>NON CURRENT LIABILITIES</b>			
Sub-ordinated loan	8	100,000	100,000
Long-term financing	9	524,375	352,000
Long-term deposits		41	41
		<b>624,416</b>	<b>452,041</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		219,028	134,638
Financial charges payable		29,008	8,110
Short-term borrowings		329,810	346,273
Current portion of long-term financing		5,625	88,000
		<b>583,471</b>	<b>577,021</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,718,475</b>	<b>1,538,499</b>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**SHAHID AHMED KHAN**  
 Chief Executive Officer

## Condensed Interim Profit and Loss Account

For the period ended December 31, 2014 (Un-audited)

	Note	Half year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
Sales - net	11	1,011,711	884,355	566,807	482,396
Cost of sales	12	(919,536)	(803,477)	(514,943)	(438,238)
Gross profit		92,175	80,878	51,864	44,158
General and administrative expenses		(15,678)	(15,944)	(7,992)	(8,545)
Selling expenses		(14,786)	(11,777)	(8,058)	(5,945)
Other operating income		1,818	1,545	1,071	762
Other operating expenses		(1,831)	(1,546)	(1,245)	(840)
		(30,477)	(27,722)	(16,224)	(14,568)
Operating profit		61,698	53,156	35,640	29,590
Financial charges		(50,565)	(52,926)	(25,967)	(27,809)
Profit before taxation		11,133	230	9,673	1,781
Taxation		(9,982)	(8,882)	(5,512)	(4,840)
Profit/(loss) after taxation		1,151	(8,652)	4,161	(3,059)
Earnings/(loss) per share - basic and diluted (Rupees)	13	0.03	(1.82)	0.10	(0.64)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**SHAHID AHMED KHAN**  
 Chief Executive Officer



**Merit Packaging Limited**

## Condensed Interim Statement of Comprehensive Income

For the period ended December 31, 2014 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
Profit/(loss) for the period	1,151	(8,652)	4,161	(3,059)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	1,151	(8,652)	4,161	(3,059)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**SHAHID AHMED KHAN**  
 Chief Executive Officer



## Condensed Interim Cash Flow Statement

For the period ended December 31, 2014 (Un-audited)

	Note	Half year ended	
		December 31, 2014	December 31, 2013
		Rs. in 000's	Rs. in 000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations	14	41,975	(32,290)
Taxes paid		(24,363)	(27,392)
Financial charges paid		(29,667)	(36,712)
Long-term loans and advances		(1,039)	(4,638)
Long-term deposits		(2,714)	-
Net cash used in operating activities		(15,808)	(101,032)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(63,458)	(8,339)
Proceeds from sale of operating fixed assets		605	529
Net cash used in investing activities		(62,853)	(7,810)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		90,000	50,000
Proceeds from right shares subscription		-	340,350
Short term borrowings (excluding running finance)		-	10,000
Net cash generated from financing activities		90,000	400,350
Net increase in cash and cash equivalents		11,339	291,508
Cash and cash equivalents at beginning of the period		(338,311)	(340,442)
Cash and cash equivalents at end of the period		(326,972)	(48,934)
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash and bank balances		2,838	344,651
Short-term running finances		(329,810)	(393,585)
		(326,972)	(48,934)

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**SHAHID AHMED KHAN**  
 Chief Executive Officer



**Merit Packaging Limited**

## Condensed Interim Statement of Changes in Equity

For the period ended December 31, 2014 (Un-audited)

	Issued, subscribed and paid-up capital Rs. in 000's	Subscription against right issue Rs. in 000's	Reserves			Total Rs. in 000's
			General reserve Rs. in 000's	Accumulated loss Rs. in 000's	Total Rs. in 000's	
<b>Balance as at July 1, 2013</b>	47,428	-	106,800	(156,559)	(49,759)	(2,331)
Transfer from surplus on revaluation of fixed assets	-	-	-	1,473	1,473	1,473
Share issue costs	-	-	-	(2,984)	(2,984)	(2,984)
<b>Transactions with owners</b>						
Subscription against right issue	-	343,334	-	-	-	343,334
<b>Total comprehensive loss for the half year ended December 31, 2013</b>						
Loss for the half year ended December 31, 2013	-	-	-	(8,652)	(8,652)	(8,652)
<b>Balance as at December 31, 2013</b>	47,428	343,334	106,800	(166,722)	(59,922)	330,840
<b>Balance as at July 1, 2014</b>	403,142	-	106,800	(169,026)	(62,226)	340,916
Transfer from surplus on revaluation of fixed assets	-	-	-	1,473	1,473	1,473
<b>Total comprehensive income for the half year ended December 31, 2014</b>						
Profit for the half year ended December 31, 2014	-	-	-	1,151	1,151	1,151
<b>Balance as at December 31, 2014</b>	403,142	-	106,800	(166,402)	(59,602)	343,540

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**SHAHID AHMED KHAN**  
 Chief Executive Officer

## Notes to the Condensed Interim Financial Information

For the period ended December 31, 2014 (Un-audited)

### 1. NATURE AND STATUS OF THE COMPANY

Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

This condensed interim financial report of the Company for the six months period ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2014.

#### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

#### 2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information is same as those for the preceding annual financial statements for the year ended June 30, 2014.

3.2 The other standards, amendments and interpretations of approved accounting standards that became effective during the period do not have a significant impact on the Company's condensed interim financial information.

### 4. TAXATION

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

## Notes to the Condensed Interim Financial Information

For the period ended December 31, 2014 (Un-audited)

### 5. ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2014.

		December 31, 2014 Un-audited Rs. in 000's	June 30, 2014 Audited Rs. in 000's
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening net book value (NBV)		657,330	655,439
Addition (at cost) during the period / year	6.1	104,063	45,127
		<b>761,393</b>	700,566
Disposals (NBV) during the period / year	6.2	(584)	(532)
Depreciation charged during the period / year		(23,211)	(42,704)
		<b>(23,795)</b>	(43,236)
		<b>737,598</b>	657,330
6.1 Detail of additions (at cost) during the period / year are as follows:			
Building / improvements on leasehold land		1,403	1,744
Plant and machinery		73,420	20,740
Furniture and fixtures		-	173
Vehicles		-	7,429
Office equipment		509	710
Computer equipment		873	231
Factory tools and equipment		22,934	14,100
Electrical installation		4,924	-
		<b>104,063</b>	45,127
6.2 Detail of disposals (net book value) during the period/year are as follows:			
Vehicles		576	494
Computer equipment		8	-
Office equipment		-	38
		<b>584</b>	532
<b>7. CAPITAL WORK-IN-PROGRESS</b>			
This comprises of:			
Plant and machinery		21,179	50,349
Factory tools and equipments		-	11,436
		<b>21,179</b>	61,785
<b>8. SUBORDINATED LOAN - UNSECURED</b>			
From associated undertakings	8.1	100,000	100,000

## Notes to the Condensed Interim Financial Information

For the period ended December 31, 2014 (Un-audited)

- 8.1 This subordinated loan has been obtained from an associated undertaking. The rate of markup is 0.9% over last business day of three months KIBOR of preceding quarter. During the period, the effective mark-up rate was 11.08% per annum (June 30, 2014: 10.59% per annum). This loan shall remain sub-ordinated to the financing facilities extended by the banks to the Company.

The loan shall not be repaid until the entire amount of financing facilities and any payments due in respect of financing facilities or any other finance extended / provided by the banks to the Company, have been paid in full by the Company to the banks and the banks have notified to the sponsors of such payments; and / or the banks otherwise give any permission in writing to the Company to make full or part of the payments due under the long term financing to the associated undertakings.

		December 31, 2014 Un-audited Rs. in 000's	June 30, 2014 Audited Rs. in 000's
<b>9. LONG TERM FINANCING</b>			
Secured			
From banking company	9.1	90,000	-
Less: Current portion shown under current liabilities		(5,625)	-
		<b>84,375</b>	-
Unsecured			
From associated undertaking	9.2	440,000	440,000
Less: Current portion shown under current liabilities		-	(88,000)
		<b>440,000</b>	352,000
		<b>524,375</b>	352,000

- 9.1 This loan has been obtained from a financial institute for the purpose of financing capital expenditure and secured against first pari passu charge on specific property, plant and equipments of the Company to the extent of Rs.100 million (incorporating a 10% margin). The rate of mark-up is 1.50% over the six months rate of KIBOR payable quarterly. The tenure of this financing facility is five years including one year grace period. It is to be repaid in sixteen equal quarterly installments commencing from December 2015.

- 9.2 This loan has been obtained from an associated undertaking. An aggregate amount of Rs. 540 million was received out of which Rs. 100 million has been converted into subordinated loan (Note 8). During the period, the repayment of loan has been rescheduled and the amount is now repayable in twenty equal quarterly installments commencing from July 2016. The rate of markup is 0.9% over last business day of three months KIBOR of preceding quarter. During the period, the effective mark-up rate was 11.08% per annum (June 30, 2014: 10.59% per annum).

### 10. CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

There were no significant changes in the contingent liabilities of the Company since the last annual balance sheet date.

## Notes to the Condensed Interim Financial Information

For the period ended December 31, 2014 (Un-audited)

	December 31, 2014		June 30, 2014	
	Un-audited		Audited	
	Rs. in 000's		Rs. in 000's	
<b>10.2 Commitments</b>				
The Company was committed as at the balance sheet date as follows:				
Capital expenditure under letter of credit			42,585	7,109
Capital expenditure under contractual obligation			-	3,905
Stores, spares and raw materials under letter of credit			6,444	1,412
Stores, spares and raw materials under contractual obligation			11,442	5,063
	<b>Half year ended</b>		<b>Quarter ended</b>	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
<b>11. SALES - NET</b>				
Gross sales	1,180,932	1,031,756	661,782	562,737
Sales tax	(169,221)	(147,401)	(94,975)	(80,341)
	<b>1,011,711</b>	<b>884,355</b>	<b>566,807</b>	<b>482,396</b>
<b>12. COST OF SALES</b>				
Materials consumed	799,969	692,275	451,393	384,433
Salaries, wages and other benefits	49,121	37,618	29,207	20,260
Packing material consumed	19,607	16,060	11,219	9,009
Outsourced services	12,718	5,230	6,468	3,707
Stores and spares consumed	19,091	16,040	10,773	8,252
Power and fuel	27,699	23,581	15,499	12,925
Depreciation	22,486	20,211	11,604	10,551
Amortization	7	228	4	114
Rent, rates and taxes	4,063	1,878	1,989	931
Repairs and maintenance	1,696	1,579	741	479
Vehicle running expenses	448	259	232	133
Insurance	2,474	2,124	1,275	1,087
Printing and stationery	232	276	124	163
Communication charges	389	400	167	222
Travelling and conveyance	75	570	31	383
Fees and subscription	66	267	53	167
Software license fee	220	200	110	100
Other expenses	630	527	413	278
	<b>960,991</b>	<b>819,323</b>	<b>541,302</b>	<b>453,194</b>
Opening work-in-process	39,195	20,302	51,897	29,881
Closing work-in-process	(82,798)	(45,609)	(82,798)	(45,609)
	<b>(43,603)</b>	<b>(25,307)</b>	<b>(30,901)</b>	<b>(15,728)</b>
Cost of goods manufactured	<b>917,388</b>	<b>794,016</b>	<b>510,401</b>	<b>437,466</b>
Opening stock of finished goods	11,545	19,601	13,939	10,912
Closing stock of finished goods	(9,397)	(10,140)	(9,397)	(10,140)
	<b>2,148</b>	<b>9,461</b>	<b>4,542</b>	<b>772</b>
	<b>919,536</b>	<b>803,477</b>	<b>514,943</b>	<b>438,238</b>

## Notes to the Condensed Interim Financial Information

For the period ended December 31, 2014 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
<b>13. EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED</b>				
There is no dilutive effect on the basic earnings per share of the Company, which is based on:				
Profit/(loss) for the period	1,151	(8,652)	4,161	(3,059)
Weighted average number of ordinary shares (in thousands)	40,314	4,743	40,314	4,743
Earnings/(loss) per share (Rupees)	0.03	(1.82)	0.10	(0.64)
<b>Unaudited Half year ended</b>				
			December 31, 2014	December 31, 2013
	Note		Rs. in 000's	Rs. in 000's
<b>14. CASH GENERATED FROM/(USED IN) OPERATIONS</b>				
Profit before taxation			11,133	230
Adjustment for non-cash items and other items:				
Gain on disposal of operating fixed assets			(21)	(2)
Financial charges			50,565	52,926
Depreciation			23,211	21,012
Amortization			33	511
			73,788	74,447
Profit before working capital changes			84,921	74,677
Working capital changes	14.1		(42,946)	(106,967)
			41,975	(32,290)
<b>14.1 Working capital changes</b>				
(Increase) / decrease in current assets:				
Stores and spares			(17,448)	(7,434)
Stock-in-trade			(1,665)	(63,481)
Trade debts			(98,324)	(159,270)
Loans and advances			(1,194)	(4,418)
Trade deposits and short term prepayments			(8,213)	(5,419)
Other receivables			(90)	560
Tax refund due from government			(731)	(8,368)
			(127,665)	(247,830)
Increase in current liabilities:				
Trade and other payables (excluding unclaimed dividend)			84,719	140,863
			(42,946)	(106,967)



## Notes to the Condensed Interim Financial Information

For the period ended December 31, 2014 (Un-audited)

### 15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Relation with the Company	Nature of transaction	Half year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
Associated companies	Sale of goods and services	100,423	96,032	54,891	49,854
	Purchase of goods and services	517,362	542,855	230,289	318,281
	Rent and allied charges	126	117	59	69
	Insurance agency commission	325	322	175	161
	Insurance claim received	329	35	329	35
	Long-term financing obtained	-	50,000	-	-
	Mark-up on long-term financing	30,148	29,372	15,081	15,362
	Subscription against right issue	-	188,054	-	188,054
Directors	Subscription against right issue	-	655	-	655
Retirement benefit plans	Contribution towards employee retirement benefits plans	2,926	2,733	1,504	1,364
Key management personnel	Compensation in respect of:				
	Short term employee benefits	5,251	5,586	2,610	2,662
	Retirement benefits	356	372	178	177

### 16. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison, the effect of which is not material.

### 17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 23, 2015.

### 18. GENERAL

Amounts have been rounded off to the nearest thousands of rupees.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**SHAHID AHMED KHAN**  
 Chief Executive Officer





**Half Yearly Report**  
December 2014



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